

## Message Text

PAGE 01 STATE 122886

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TO AMEMBASSY SAIGON

INFO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS

AMCONSUL BIEN HOA

AMCONSUL CAN THO

AMCONSUL DANANG

AMCONSUL HONG KONG

AMCONSUL NHA TRANG

USDEL JEC PARIS

TREASURY

USSAGE NKP

CINCPAC

COGARD

XMT AMEMBASSY SUVA

AMEMBASSY RANGOON

UNCLAS STATE 122886

COGARD FOR POLAD

MO. 11652: N/A

TAGS: PFOR, XC, US

SUBJECT: JUNE 10 EA PRESS SUMMARY

INDOCHINA

1. REP. ASPIN SAYS US IS MODERNIZING SVN AIRCRAFT OR REPLACING OLD PLANES WITH SUPERIOR TYPES IN "BLATANT AND CLEAR VIOLATION OF THE TREATY"; CITES DOD PLANS FOR VNAF AS AMOUNTING TO TWO AND POSSIBLY FOUR VIOLATIONS. PENTAGON SAYS PROPOSALS ARE CONSISTENT WITH C-F, ONE-FOR-ONE REPLACEMENT OF AIRCRAFT WITH UNCLASSIFIED

PAGE 02 STATE 122886

NEW ONES OF THE SAME CHARACTERISTICS AND PROPERTIES. ASPIN ASSERTS THAT "DEFINITE VIOLATIONS" ARE DOD REQUEST FOR 29 A-37B TWIN-JET FIGHTERS TO REPLACE SINGLE-ENGINE PROP A-1S, AND 6.5 MILLION TO CONVERT

FOUR TRANSPORTS TO GUNSHIPS (AP, PHINQ). "POSSIBLE VIOLATIONS" ARE 20.3 MILLION FOR FOUR C-130S, SOME OF WHICH MAY REPLACE C-7S, AND 85.4 MILLION FOR 28 F-5FS TO MODERNIZE VNAF BY REPLACING F-5AS (AP, SUN).

2. AFP REPORTS PRG FON MIN NGUYEN THI BINH ARRIVAL AT MOGADISHU TO ATTEND ORGANIZATION OF AFRICAN UNITY COUNCIL OF MINISTERS AS OBSERVER (WP).

3. LAT'S MCARTHUR (6/7) IN SAIGON CITES PRIVATE SOURCES

AT NATL. BANK OF VN THAT GVN INTENDS TO IMPORT ENGRAVING EQUIPMENT AND SPECIAL PRESSES TO PRINT CURRENCY BY 1976. CURRENCY NOW PRINTED IN UK. ENGLISH TECHNICIANS TO SUPERVISE INITIAL PHASES OF NEW OPERATION IN SVN. BANK OFFICIALS EXPRESS "MODEST HOPE" THAT GVN MIGHT PRINT MONEY FOR LAOS, CAMBODIA AND OTHER COUNTRIES IN REGION. MCARTHUR COMMENTS THAT WITH INFLATION RUNNING AT 100-PERCENT ANNUALLY, SMALL NOTES IN CIRCULATION ARE ALREADY BURDEN TO BUSINESSMEN WHO CARRY "EVER-LARGER" BUNDLES OF CURRENCY, AND AT SOME TIME BANK WILL MAKE "REFORM" BY INTRODUCING 5000 AND 10,000 PIASTER NOTES - ALREADY PRINTED - TO SUPPLEMENT STANDARD 500 AND 1000 PIASTER NOTES NOW IN CIRCULATION.

4. CHITRIB'S KIRK IN SAIGON DESCRIBES AMERICANS IN SAIGON ENJOYING "FIRST-CLASS LIFE IN A THIRD-CLASS PLACE." SAYS AMERICAN COMMUNITY OF 6000 - 1519 ON USG PAYROLL AND 3146 HIRED BY USG CONTRACTORS - FORM MUCH MORE OF AN ELITE NOW THAN WHEN TROOPS WERE HERE AND NUMBERS LARGER; HAVE AVERAGE INCOME OF 25,000 DOLLARS, FREE HOUSING AND CHAUFFEURED CARS. BIG DIFFERENCE WITH OLD DAYS IS PRESENCE SOME - OFFICIALLY 357 - US DEPENDENTS THAT EMBASSY FORBADE DURING WAR BUT PERMITTED TO START RETURNING BEFORE C-F SIGNING. NOW SMALL AMERICAN SCHOOL EXISTS, ALL MANNER OF GOODS AVAILABLE AT BIG PX, THREE UNCLASSIFIED

PAGE 03 STATE 122886

BIG SWIMMING POOLS AND EXCLUSIVE RECREATION CLUB SHIELD AMERICANS FROM "UNPLEASANTNESS" OF POVERTY AND BARGIRLS. REST OF AMERICAN COMMUNITY MIXES WITH FRENCH AND WEALTHY VIETS AT CERCLE SPORTIF. KIRK OBSERVES THAT ENTRENCHED AMERICANS ARE GENERALLY SUSPICIOUS, IF NOT DOWNRIGHT CRITICAL, OF PRESS. QUOTES VETERAN EXECUTIVE THAT PRESS STORIES INACCURATE AND LIFE HERE ISN'T "NEARLY AS BAD AS YOU SAY IT IS."

5. PP QUIET AS GKR EXTENDS CLOSING OF SCHOOLS UNTIL WED. AND POSTPONES STATE FUNERAL FOR TWO OFFICIALS KILLED IN STUDENT DEMONSTRATION. "INTENSIVE POLITICAL MANEUVERING" TAKING PLACE IN CABINET, WITH FOREIGN DIPLOMATS AND

GKR OFFICIALS SEEING THE SIX RESIGNATIONS SUBMITTED - BUT NOT YET ACCEPTED - AS MAKING CABINET SHUFFLE PROBABLE (NYT). GKR SOURCES SAY MIL AND POLICE ELEMENTS ON FULL ALERT IN PP AS FEAR OF TERRORISM AND INCREASED POLITICAL INSTABILITY SPREAD. "HIGHLY RELIABLE" WESTERN SOURCES SAY INSURGENTS INCREASE NUMBER OF AGENTS AND HOPE TO SPREAD ANXIETY AMONG PEOPLE OF "RUMOR-FILLED" CAPITAL. OTHER SOURCES SAY POTENTIAL EXISTS FOR GOVT. POWER STRUGGLE, AND SECURITY PRECAUTIONS ARE TO WARD OFF THREAT. "TOP" MIL COMMANDER STATES THAT DISSENSION THAT EXISTED IN POWER ELITE HAS NOW BEEN RESOLVED.

HIGH INTELLIGENCE SOURCE STATES THAT "INDISPUTABLE" EVIDENCE LINKS COMMUNIST AGENTS TO KILLING OF TWO GKR OFFICIALS, SAYS INFILTRATORS MINGLED WITH STUDENTS AND WERE UNDER ORDERS TO LIQUIDATE OFFICIALS TO CREATE CRISIS (AP, SUN).

6. NYT NEWS SERVICE IN SAIGON REPORTS IN CHITRIB THAT SEVERAL AIR AMERICA PILOTS EXPRESS BITTERNESS AND RESENTMENT OVER USG CONTRACT THAT REQUIRES "DANGEROUS PARAMILITARY" MISSIONS IN CAMBODIA. IN INTERVIEWS IN SAIGON CHOPPER PILOTS DESCRIBED HAZARDS OF FLYING ARMED US OFFICERS INTO COMBAT AREAS, TRANSPORTING WEAPONS AND AMMO FOR FANK, EVACUATING WOUNDED AND TRANSPORTING GKR TROOPS AND OFFICERS INTO BESIEGED CITIES. PILOTS ANGRY MOSTLY BECAUSE THEY NO LONGER RECEIVE LUCRATIVE COMBAT PAY OF EARLIER YEARS, THOUGH UNCLASSIFIED

PAGE 04 STATE 122886

RISKS SEEM HIGHER WITHOUT USAF PROTECTION. AIR AMERICA PILOTS REMAIN AMONG LAST AMERICANS TO FACE COMBAT AND SOME, WITHOUT HIGH PAY AND CLEAR US GOALS, ARE NO LONGER SURE WHY THEY ARE DOING IT. A FEW HAVE RESIGNED, OTHERS INTEND TO LEAVE; ONE PLANS TO SUE AIR AMERICA SINCE HE CONTENTS CONTRACT DOESN'T CALL FOR PARAMILITARY OPERATIONS; COMPANY OFFICIALS NOT AVAILABLE FOR COMMENT ON ISSUE. ARTICLE COMMENTS THAT AIR AMERICA'S CAMBODIAN ACTIVITY APPEARS TO FALL "JUST WITHIN" LEGAL BOUNDS SET BY CONGRESS ON US MIL ADVISERS AND ARMED FORCES IN INDOCHINA.

CHINA

7. NOTE TO ADDRESSEES RE CHINA PORTION OF JUNE 5 SUMMARY. BECAUSE OF POSSIBILITY THAT SOME READERS MAY MISREAD STATE OF US-PRC RELATIONS ON BASIS OF REMARKS ATTRIBUTED TO CHAS FREEMAN IN SCRIPPS-HOWARD STORY, FOLLOWING SPECIFIC POINTS WERE INCORRECTLY REPORTED THEREIN: 1) FREEMAN DID NOT SAY HE EXPECTED CLAIMS SETTLEMENT "VERY SOON" OR THAT SETTLEMENT WOULD PAVE WAY TO FULL DIPLOMATIC RELATIONS. 2) HE DID

NOT SAY CHINESE WISH PERIODS OF PAUSE IN ADVANCING TOWARDS FULL RELATIONS. 3) HE DID NOT SAY US IS WITHDRAWING FORCES FROM TAIWAN WITH PROSPECT IN MIND OF IMPROVING RELATIONS.

JAPAN

8. JOC'S PEARLSTINE OBSERVES THAT ALTHOUGH TANAKA'S POPULARITY IN JAPAN "IS ABOUT AS LOW AS" NIXON'S

IN US, MOST ANALYSTS PREDICT LDP WILL RETAIN MAJORITY IN JULY 7 UPPER HOUSE ELECTIONS. GOVT. SEEMS TO HAVE WEATHERED OIL CRISIS; AND FOR PAST FEW WEEKS WHOLESALE PRICE INDEX HAS BEEN RISING LESS EXPLOSIVELY. POLLUTION, WHILE NO BETTER, SEEMS NO WORSE. LDP HAS BEEN WINNING SOME IMPORTANT LOCAL ELECTIONS. SEIRANKAI HAS BEEN INEFFECTIVE BECAUSE OF INTERNAL DIVISIONS, AND MAJOR OPPOSITION PARTIES ARE BADLY DIVIDED. LDP HAS PUT TOGETHER SLATE OF CANDIDATES  
UNCLASSIFIED

PAGE 05 STATE 122886

THAT INCLUDES POPULAR LOCAL OFFICIALS AND CELEBRITIES. SO CAUTIOUS PREDICTION IS LDP MIGHT EVEN GAIN A FEW SEATS.

9. FOLLOWING DEFECTION IN JAPAN, SOVIET PROFESSOR BORIS REDKIN ARRIVED IN NY SUNDAY TO SEEK POLITICAL ASYLUM (PHINQ).

10. CSM PRINTS FINANCIAL TIMES SERVICE (SYDNEY) ITEM THAT JAPANESE (WITH 8 MILLION PROJECTED TOURISTS EACH YEAR BY 1980, 2-3 MILLION VISITING SW PACIFIC) "HAVE ONCE MORE BECOME THE BOGEYMAN OF THE PACIFIC." SAYS IN AREAS WHERE THEIR TOURIST INFLUENCE IS ALREADY FELT, THERE IS OPEN RESENTMENT; IN OTHER AREAS, WHERE THEY ARE BUYING OR BUILDING NEW HOTELS, CONCERN IS BEGINNING TO OVERRIDE PROSPECTS OF ECONOMIC JOY. "BLUNTLY, THE JAPANESE ARE NOT REGARDED AS GOOD TOURISTS, AND THE COMPANIES WHICH BRING THEM HERE AND ACCOMMODATE THEM ARE, IN SOME AREAS, CONSIDERED TO BE TOTALLY LACKING IN ANY SENSE OF GOOD LOCAL PUBLIC RELATIONS." SAYS ANTI-JAPANESE SENTIMENT ON RISE IN HAWAII WHERE, SINCE 1972, JAPANESE HAVE SPENT 180 MILLION DOLS BUYING HOTELS, TRAVEL AGENCIES AND LAND TO BE DEVELOPED AS TOURIST RESORTS. IN SEA, ONE GROUP ALONE (TOKYU CORP) NOW HAS HOTELS IN TAHITI, HONOLULU, JAKARTA, PENANG, BANGKOK AND GUAM, AND JAL ALSO HAS BEEN BUSY EXPANDING ITS HOTEL DIVISION IN OKINAWA AND JAKARTA. MAJOR CRITICISM OF JAPANESE TRAVELERS IS THAT THEY RARELY ADD MUCH TO LOCAL ECONOMY; MOST MOVE AROUND UNDER "CLOSED SYSTEM," PAYING IN JAPAN FOR PACKAGE THAT COVERS

AIR PASSAGE, HOTEL AND MEAL CHARGES, TIPS AND GROUND TRANSIT -- ALL USUALLY TO JAPANESE-OWNED CONCERNS. MANY SOUVENIR SHOPS THEY VISIT ARE JAPANESE-OWNED AND MOST GOODS THEY BUY IN DUTY-FREE AREAS ARE USUALLY OF JAPANESE ORIGIN ANYWAY. MUCH OF PROBLEM APPEARS TO CENTER AROUND FACT JAPANESE TRAVELERS USUALLY HAMPERED BY LANGUAGE BARRIERS AND HAVE STRONG TENDENCIES TOWARD INSULARITY.

11. JAPANESE ECONOMIC ACTIVITY, IN ITS SHARPEST UNCLASSIFIED

PAGE 06 STATE 122886

SETBACK IN NEARLY 20 YEARS, SAGGED 5 PERCENT IN FIRST QUARTER FROM 1973'S FINAL PERIOD, LARGELY ON DECLINE IN CONSUMER SPENDING (JOC). RIKKYO U ECONOMICS PROF NISHIYAMA TOLD WEEKEND JAPAN TRADE CENTER LUNCHEON THAT JAPAN'S HIGH RATE OF INFLATION WILL BE REDUCED THIS YEAR WITHOUT SERIOUS RECESSION OR RISE IN UNEMPLOYMENT (JOC'S FULLER).

12. SEAR'S ALLSTATE INSURANCE SEEKS GOJ OK TO SELL LIFE INSURANCE IN JAPAN, ACCORDING MITI OFFICIAL (WSJ).

13. BRITISH PETROLEUM ASKS JAPANESE REFINERY FIRMS TO PAY ADDITIONAL 50 CENTS PER BARREL FOR CRUDE OIL, AND SUGGESTS THERE COULD BE ANOTHER RISE BEFORE LONG (JOC). MATSUSHITA IS REDUCING OUTPUT OF COLOR TV SETS 10-15 PERCENT FROM PLANNED OUTPUT SINCE MAY DUE TO SLOWDOWN IN SHIPMENTS (WSJ).

14. IN TOKYO, JOC'S CULLISON REPORTS JAPAN IS PREPARING LEGAL STEPS TO ALLOW GOVT. TO ASSUME BROAD POWERS OVER ALL PHASES OF OIL INDUSTRY AS WAY OF ASSURING NATION STEADY SUPPLIES AT REASONABLE PRICES IN FUTURE.

BURMA

15. AP RANGOON REPORTS TWENTY-TWO PERSONS KILLED AND 73 INJURED IN CLASHES BETWEEN STRIKERS AND TROOPS, ACCORDING GUB OFFICIALS. RAILROAD WORKERS DEMANDING INCREASED WAGES AND MORE RICE. OFFICIALS SAY STRIKE IS OVER, BUT SCHOOLS AND COLLEGES THROUGHOUT COUNTRY WILL BE CLOSED INDEFINITELY BECAUSE OF LABOR UNREST (SUN, NYT).

FRENCH S. PACIFIC A-TESTS

16. NOTING GOF ANNOUNCEMENT THAT THERE WILL BE ONE MORE MURUROA ATMOSPHERIC TEST AND THEN ALL TESTING WILL BE UNDERGROUND, CSM'S BROWNING REPORTS

THAT TIMING OF ANNOUNCEMENT APPARENTLY WAS AIMED  
UNCLASSIFIED

PAGE 07 STATE 122886

AT QUIETING MOUNTING INTERNATIONAL CRITICISM OF  
OPEN AIR TESTS. CITES NZ PM KIRK COMMENT THAT GOF  
SWITCH WELCOME, BUT WHAT IS NEEDED IS HALT TO ALL  
NUCLEAR TESTING.

GOF MINISTER OF REFORM SERVAN-SCHRIEBER DENOUNCES  
NEW FRENCH ATMOSPHERIC A-TEST (UPL, CHITRIB), AND  
IS DISMISSED BY GISCARD (WP; POWEL, NYT).

COMMENT AND ANALYSIS

LAOS

17. NYT'S MARKHAM IN VIENTIANE REPORTS PL HAS TAKEN  
LEAD OVER ITS DISORGANIZED RIGHTIST AND NEUTRALIST  
COMPETITORS IN COALITION GOVT., AS SAM NEUA AND  
FOUR-FIFTHS OF LAOS THAT PL CONTROLS WITH ITS N VIET  
ALLIES, REMAIN OUT OF BOUNDS TO NEUTRALIST AND  
RIGHTIST OFFICIALS FROM VIENTIANE. IN CONTRAST, PL  
HAS VIRTUALLY TAKEN MIL CONTROL OF LUANG PRABANG  
AND, IN VIENTIANE, HAS PEOPLE AT MINISTERIAL AND  
SUB-MINISTERIAL LEVELS IN MOST IMPORTANT AGENCIES.  
QUOTES PROMINENT MINISTER THAT "WE ARE LOSING...  
THEY HAVE TAKEN THE NATIONAL ASSEMBLY, THE ECONOMY,  
THEY ARE IN THE MINISTRY OF DEFENSE - AND WHAT DO WE  
HAVE OF THEIRS? NOTHING."

CITES WESTERN DIPLOMAT THAT VIENTIANE MEMBERS OF  
NATIONAL POLITICAL COUNCIL, WHICH THEORETICALLY  
"EQUAL" TO CABINET, ARE CAVING-IN TO PL - A BLUNT  
REMINDER OF LEADERLESSNESS OF RIGHT, OBSERVES  
MARKHAM. RECALLS SOUPHANOUVONG DELIVERING LONG  
OPENING SPEECH TO COUNCIL ON MAY 10, DENOUNCING US  
AND THAILAND FOR ALLEGED MACHINATIONS IN LAOS AND  
SUGGESTING THAT CONSTITUTION BE AMENDED TO "INSURE  
DEMOCRATIC LIBERTIES." TWO WEEKS LATER, COUNCIL  
ADOPTED 18-POINT PROGRAM - FOR "PEACEFUL, INDEPENDENT,  
NEUTRAL, DEMOCRATIC, UNITED AND PROSPEROUS" LAOS -  
THAT CLOSELY FOLLOWED SOUPHANOUVONG RECOMMENDATIONS.  
BEFORE DOCUMENT WAS COMPLETED, RIGHTIST VICE CHAIRMAN  
OF COUNCIL OUTDID SOUPHANOUVONG IN RHETORIC, DENOUNCING  
UNCLASSIFIED

PAGE 08 STATE 122886

"NEOCOLONIALIST ENEMY...ENEMY'S SINISTER INTENTIONS...  
LACKEY COMMANDOS."

SEES SOUVANNA NOW PLAYING UMPIRE'S ROLE IN CABINET.

SOME INFORMED LAO SAY SOUVANNA FEELS THAT HIS PRINCIPAL ACCOMPLISHMENTS ARE BEHIND HIM: HE KEPT COUNTRY UNDER ONE GOVT., BEGAN "NATIONALIZING" PL BY BRINGING THEM OUT OF JUNGLE, AND, LAST, PREPARED SOUVANOUVONG TO BECOME HIS NATURAL SUCCESSOR.

SOUTH PACIFIC

18. CSM DEPLORES FRENCH DECISION TO RESUME NUCLEAR TESTS. CONCEDES THAT DECISION IS LOGICAL SINCE FRENCH DEFENSE PLANNERS DO NOT WANT TO DISRUPT OR DELAY FRENCH NUCLEAR PROGRAM; MOREOVER, COMING TESTS INVOLVE LOW-YIELD DEVICES AND FRENCH SCIENTISTS HAVE GIVEN ASSURANCES THERE IS NO DANGER OF NUCLEAR CONTAMINATION IN AREA.

CSM HOPES THAT ONCE TESTS ARE OVER, FRANCE WILL ADHERE TO PARTIAL TEST-BAN TREATY AND NPT, AND PARTICIPATE IN UN DISARMAMENT COMMITTEE. WHEN FRANCE DOES SO, IT WILL MARK BREAK WITH ONE ASPECT OF GAULLIST POLICY THAT MADE FRANCE OBJECT OF WIDESPREAD CRITICISM OVER PAST 15 YEARS. SISCO

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